

Chapter One: Introduction

Purpose of the *Employer Guide*

The *Employer Guide* is designed to help you, the employer, with the tasks of contribution payment and reporting to TRS. It also serves as a reference on TRS policies, procedures, and benefits.

Two copies of the *Employer Guide* are provided to each school district: one for the payroll clerk and one for the district superintendent. Periodically, you will receive updates to the guide resulting from policy, procedure, or legislative changes. In addition to these updates, you will periodically receive *Employer Bulletins*. These bulletins are addenda and should be filed in the *Employer Guide*.

The role of the employer

Employers provide a vital link between members and TRS. As an employer, you forward member and employer contributions, report member earnings and service credit information, and disseminate information about TRS to more than 144,000 members. Information you provide determines members' current service credit, creditable earnings, and retirement contributions and, thus, their future retirement benefits.

Because benefits from TRS are based on service credit, creditable earnings, and contributions you report, accuracy in reporting and payment is vital. TRS's effectiveness in benefit administration rests largely on the reports you provide.

Governing statute

(40 ILCS 5/16-101 et seq.; 80 IL Adm. Code 1650.10 et seq.)

The Illinois Pension Code and the Illinois Administrative Code establish the laws, rules, and policies governing the Teachers' Retirement System.

Board rules

(40 ILCS 5/16-105, 16-163 through 16-181.2)

An 11-member Board of Trustees carries out the provisions of the Illinois Pension Code. Trustees include the state superintendent of education (ex officio); four members of TRS who are elected by active members; four representatives of the public who are appointed by the governor; and two retired members who are elected by TRS annuitants. The board appoints the executive director, who is responsible for the administration of TRS.

TRS qualified pension plan status

As a qualified pension plan subject to the Internal Revenue Code, Section 401(a), TRS members receive the benefits of

- tax-sheltering of mandatory retirement contributions in the year that they are made to TRS;
- deferral of income taxes on contributions until a member's retirement, at which time the member's effective tax rate may be lower; and
- tax-free accumulation of interest credited to each member's account.



To maintain the qualified pension plan status, TRS must meet certain Internal Revenue Service requirements, including:

- annual benefit and contribution limitations
- compensation that may be taken into account for benefit calculation purposes
- benefit eligibility provisions
- benefit distribution limitations
- rollover restrictions

TRS is dedicated to maintaining compliance with all requirements for qualified pension plans.

Administrative review

(80 IL Adm. Code 1650.620 et seq.; 40 ILCS 5/16-200)

Any member, beneficiary, annuitant, or employer may appeal a TRS staff's determination of a claim or interpretation of the Illinois Pension Code to the Board of Trustees Claims Hearing Committee within six months after the determination or interpretation. An appeal is initiated by filing a written request for an administrative review with the executive director. Contact the TRS Springfield office for more information about administrative reviews.

Confidentiality

(80 IL Adm. Code 1650.160)

TRS acquires information regarding a member's employment from the member's employer. All information contained in a member's record is confidential. This information is provided to the member upon request and to representatives of the member upon written request. Information may also be provided to other retirement systems subject to the Illinois Retirement Systems Reciprocal Act, the Illinois Department of Central Management Services for annuitant health insurance purposes, and the Social Security Administration for government pension offset determination and windfall elimination purposes. Member information may also be given pursuant to a subpoena issued during court proceedings.

Publications

In addition to the *Employer Guide*, TRS publishes the *Comprehensive Annual Financial Report*, *Annual Financial Report Summary*, and the *Topics & Report* newsletter. TRS also produces the *Member Guide* and numerous brochures on a variety of benefit topics.

Publications, forms, and general information are available by calling the Forms Order Line at (800) 207-6948 and by visiting the TRS Web site at www.trs.state.il.us.

Information can also be obtained by e-mail or telephone. You may e-mail the Employer Services and Accounting Departments at employers@trs.state.il.us or call at (888) 877-0890. Members may reach the Counseling Services Department by e-mail at members@trs.state.il.us or by calling (800) 877-7896.

